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ALERTSWhoa there! Watch out
for cell phone 'credit
muling'

June 11, 2014

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Scammers have found yet another way to exploit people who need money fast, including cash-strapped college students: Pay them to open wireless contracts that include new smart phones, tablets and other mobile devices. The scammers target people to act as "credit mules." That's when a scammer uses someone else's identity, personal information and credit to get something of value. In this case, it's a wireless device.

Here's how it works: A scammer — also known as a "recruiter" — asks the targets — also known as mules — to buy a number of phones under separate contracts. The recruiter pays the mules and reminds them to cancel the contracts within the allotted time — typically 15 to 30 days. The recruiter then takes the phones, unlocks them, and sells them for profit. Stay with me here: A lock is a software code that the manufacturer puts on the phone as required by the carrier that sells the device. The lock ensures that the phone can be used only with that carrier's network until a different code is used to unlock the device. A single unlocked phone with no contract can be sold on the street in the U.S. for hundreds of dollars — and overseas, for thousands.

But when the mules try to cancel the contracts, they realize they've been duped. Regardless of what the recruiters told them, they can't cancel the contracts without returning the phones. So the victims are not only on the hook to pay for the phones, but they also have to pay the monthly service fees for the length of the contracts. If they can't pay, the accounts go to collection and their credit ratings suffer. [Negative credit](#) can affect their ability to get credit, insurance, a job, and even a place to live.

If you've been approached by someone offering you cash to sign a wireless contract — or already victimized by a "recruiter," the [FTC wants to hear about it](#). Your complaints help us stop rip-off artists, scammers, and fraudsters.

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